



The University Corporation
San Francisco State

Room ADM 361
1600 Holloway Ave
San Francisco, CA 94132

ucorp.sfsu.edu

Board of Directors Meeting

Monday, September 16, 2024

3:00pm to 4:30pm

via Zoom

Anoshua Chaudhuri
Janey Wang
Jackson Wilson
Ly Chau
Jamillah Moore
C. Jason Bell
Rob Strong

Yessica Gonzalez Gudino
Tammie Ridgell
Kal Salama
Trevor Getz
Jordan Calley
Brandon Foley

UCorp Staff:
Chris Farmer
Andrew Lok
Maggie Woo

Meeting called to order by **Trevor Getz** @ 3:03pm

- agenda reviewed; approved unanimously.
- Couple of announcements.
 - Lorena Meha was supposed to be one of our student members, unfortunately she has a schedule conflict with this meeting. As a result, she will not be serving on the board this year.
 - Also, Neil Cohen asked to resign from the board. Neil served for many years, and he has a huge amount of thanks. We had a good discussion with him, but he has decided to step down.
- Another item I need to share is that I've had a meeting with Vice President Jeff Wilson, to discuss conducting a formal search for the Executive Director position.

ACTION: Board of Directors Meeting Minutes for June 4, 2024; approved unanimously

ACTION: Student Board Members to the UCORP Board of Directors; approved unanimously

No Public Comment

Constituent Reports:

Jackson Wilson, Chair of Academic Senate noted that they will have a plenary tomorrow. Senate has 5 standing committees, which a 5th of all the senators is grouped into, then plenaries is when everyone comes together and meets so this will be our in-person plenary for the fall and otherwise online. The amount of business is fairly low at this point. There'll be a



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report of presentation by Jeff Jackanicz about the renaming of the gym building based on some funding there which requires a vote by the Academic Senate. There will also be a presentation by Janelle Giselle Nunez on the marketing update. There will be curriculum items that will come up for changes, minors and certificates. There always available and linked in the Friday report as well as in Campus memo.

C. Jason Bell asked: You mentioned renaming of the gym building, are you talking about Mashouf or the old gym?

Jackson Wilson responded: It is the old gym. San Francisco Federal Credit Union has provided financial support for the naming rights on the old gym building. There is a number of materials I can share with you, as well as anyone else which will be available during the meeting. The letter of intent is for a 5-year introductory agreement.

Rob Strong asked: Is the building going to be renamed the San Francisco Federal Credit Union Gym?

Jackson Wilson responded: I believe it might be.

Trevor Getz asked: If Jordan or Brandon had anything to report.

Brandon Foley responded: New shared governance internship with Associated Students called the governing Gators. Find students at large to fill university committee seats because all our student board members each have at least one university committee. We launched it recently and the 1st meeting is coming up soon and will be looking to fill that 3rd student seat on UCorp board.

ACTION: Resolution Approving the University Corporation meeting calendar for 24-25

Trevor Getz asked: If there were any comments

Tammie Ridgell responded: Just want to note to the committee that it was brought to my attention by Jackson that one of the dates was during spring break. We generally do meet during those times, but we would take that into consideration. If we need to cancel any of our meetings or reschedule, we would do so at that time. This just gives us a working framework, and it's on everyone's calendars, if we must adjust later, we would be able to do that.

Anoshua Chaudhuri asked: As a member of Gaza as a representative of this board, asked if she could be included in some of the Finance committee meetings. When things are coming up especially on investment policies, it would be great if I could be informed.



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Tammie Ridgell responded: I can always add you to the calendar invites then you can attend as a guest whenever you like.

Anoshua Chaudhuri responded: Thank you. If you could just let me know what the discussion would be, that would be great, because then I can prioritize.

Tammie Ridgell responded: Okay, we can discuss offline as well but I can always share the agenda and the materials that will be going out, which will give you a good sense of what's happening.

Anoshua Chaudhuri responded: Thank you so much.

Trevor Getz responded: I just want to say to both you and Tammie, thank you for your service on that committee, on behalf of this board. Most of the discussion so far has been oriented towards the Foundation, so there haven't been a discussion item but will make an item in the future especially when there is discussing things germane to UCorp. But also, if you're wondering what the discussion is that's going on there, feel free to email me, Tammie or Anoshua who would be willing to talk as well.

Tammie Ridgell responded: I am going to provide a brief update as well.

Trevor Getz responded: Okay.

Trevor Getz asked: Motion to approve resolution Board of directors and Committee calendar for FY 24-25.

Rob Strong moved to approve the resolution and Ly Chau seconded the motion
Resolution passes unanimously.

Trevor Getz responded: Now we can move on to our reports. So, our 1st report comes from our Finance Committee Chair, Kal Salama. I always say, thank you at the beginning of the year to Kal, because the finance committee does a lot of work.

- **Report from Finance Committee Chair, Kal Salama**

Beacon Pointe oversees our investment program at UCorp. Beacon is a consultant; we formally approve everything they do. Within that program there are individual investment managers which manage portions of the portfolio. Beacon Pointe sends us a performance reports each month which is normally presented to the Finance Committee by Beacon Pointe. I then summarize it for the board meeting.



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Fiscal Year to date Portfolio:

- First wrapping up June 2024 to close out the fiscal year. Looking at the current allocation chart shows alternative, fixed income and equities. Next to the current allocation is the target allocation. Show's actual allocation against our target. We monitor that to see if the portfolio allocation is over or under weight. When we looked at May we were up about \$1.8 million. For the fiscal year we ended up with 2.5 million, and this will later reconcile with the UCorp financials. It was a strong fiscal performance for the portfolio. This is a significant portion of the budget, so worth talking about and understanding. Total return was 8.6% for the portfolio fiscal year end. 17% came from equity portion of the portfolio, 3.7% from bonds and a negative 9.1% from alternatives which is primarily real estate. Real estate hopefully is just about done being marked down from rising interest rates.

Trevor Getz asked: If the fed cuts 5 basis points

Kal Salama responded: 25 basis points

Trevor Getz asked: If that happens can we expect to bounce back?

Kal Salama responded: Well, they are kind of somewhat delayed. This is just the response to the rising rates at the beginning. Equities and bonds responded to that in 2022. They are just a year late is a way to think about it. Trevor, you're right as rates come down, we do expect them to recover.

Trevor Getz responded: Thanks

- For August we're up about a little over million so far. We are up 3% through the 1st 2 months of the fiscal year. September has been another strong month. The fiscal year is off to a good start. The Federal Reserve meets this week on Wednesday, they're expected to cut rates so that bodes well for the portfolio in general for the rest of the year.

Jackson Wilson asked: The chart shows the value of the portfolio, but the net cash flow has this flat line going from 2013 onward. Is this the cash flow from the portfolio? Or can you explain that more?

Kal Salama responded: That's a typical chart that show historically. The green line is the cash flow and when it goes up, we're adding money. So, when flat we didn't add anything so that's the process of adding money to the portfolio and the other line is the actual market value of the portfolio growing.

Jackson Wilson asked: So, we haven't put really any money in since 2013.

Kal Salama responded: That is a way to think about it. We don't typically add often to the portfolio itself and we also don't normally take funds out to support UCorp, so the portfolio tends to grow.



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Tammie Ridgell responded: We tend to be strategic in terms of dollars that are available to invest. For example, we don't tend to use our actual investments for cashflow like we do LAIF. When we put funds into our investments, we're expecting that they would not be needed right away. Generally, we have preferred to not sell though funds are liquid except alternatives. The way we have managed is not having to sell untimely. During Covid we added a line of credit so that we wouldn't have to sell at an inopportune time. New monies that come in are used for operating.

Rob Strong asked: How would you answer the question to a person coming from outside saying we are sitting on a huge pile of cash and the University desperately needs money. What's the strategic importance of this? And how does it apply to our responsibilities as fiduciaries as well as the global strategy of UCorp in the long term.

Tammie responded: I can answer that most of the funds that are held in UCorp are restricted funds. UCorp does have less than 15 million that is unrestricted, and those are the funds that we are dealing with when dealing with our budget. Types of revenue that UCorp programs housed under UCorp are donations, grants and contracts, program revenue for programs that are fee generating. We receive lots of donations that are for scholarships. There are funds that come in from the Foundation that are payouts related to the endowments and the spending accounts are housed under UCorp. All those funds must be spent for the purpose that the donor has given or generated. UCorp does exist to support the University, and we do provide support to the University by providing support to the president, support to the campus by accepting grants that don't have IDC. It can look like there is a lot of money that could support the campus but most money is earmarked for restricted purposes. Even the unrestricted funds can't be exclusively for the university because we are a self-support operation and we must support salaries of the UCorp staff, legal and audits.

Kal Salama responded: One more thing in response to the question 100% of the investment return each year from the portfolio supports UCorp's budget so the funds are used to earn returns. Those returns are fully used from an accrual perspective. This is the function, it all comes into the budget, even though it's not physically coming out of the portfolio.

- **Report from the Interim Director of Finance, Maggie Woo (Tammie Ridgell)**
During the 1st meeting of the fiscal year, we don't have financial reports, because we are wrapping up the audit. We are in the last week of the audit which is why Maggie isn't here this afternoon of wrapping up the audit. Once the audit has been completed then we will start preparing the reports. The expectation is to have 3 months July, August and September
- **Report from the Director of Operations, Chris Farmer**
 - o We typically have a quiet summer. It's nice to have our community back on campus, our shops and vendors are busy which is nice to see.



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- Shops- As noted earlier I won't be providing a financial update around how the shops are doing today. Our self-operated shops are the Lobby Shop, Healthy U, Ctrl P and Open 24. Those are our self-operated shops and those are run by UCorp employees where we buy the inventory and run the whole operations ourselves. Been tracking the progress of those shops for a couple of years now, week by week during the 1st 6 weeks of each semester since the pandemic and the campus closure. It's been nice to see those stores getting back to what we are accustomed to pre-pandemic. We're still not all the way back, but we've seen progress every semester over the last few years.
- Our vendor partners are all back open and busy. We worked closely with them over the last few years due to the pandemic. Fortunately, we're seeing things get better each semester.
- New vendor – We're going to have a new location in the new science building, it's a Latin themed café, somewhat like a panaderia. They'll have Latin themed coffee drinks with empanadas of different types and even traditional like bread found at a panaderia. There will be some cool stuff, something new for the community. The café is going to be in the main lobby. It will really activate the space, there will be seating just outside the café where students are already sitting. There is also a courtyard right outside. We hope to be open in the coming months. We're hopeful, the café will have a soft opening, maybe later this semester. It should be up and running full speed for the spring semester.

Rob Strong responded: I was able to get Marco and Carmelina, who are the owners of the Taqueria, connected with Rob Kalebjian who is the owner, the son of the founder of Henry's house of coffee. Our former board member Hrag connected with Marco, and now he is going to be their exclusive vendor for coffee. Hrag is an alum as well.

Chris Farmer responded: In addition to the coffee being a local provider, we were given a reference for a panaderia in the city that Marco and his mom will be sourcing the actual pan, it will come in fresh daily.

- Sephora vending machine: We also have a brand-new Sephora vending kiosk in the student center. This is essentially a nice vending machine that's branded as Sephora. It has about 90 unique products with a good amount of inventory for each product. Everything is priced the same as directly through a Sephora store or online. We were contacted by a company that we've partnered with by the name of Signify, they make the vending machines. They work with 3rd parties such as Sephora, Google and others. They contacted us and asked if we wanted to be part of a pilot. Essentially 5 campuses agreed to be part of this pilot. It's the University of Toronto, University of Alabama, USC and University of Central Florida and our campus. It is a short-term agreement. We saw our Chase ATM partner exit their contract, and this vending machine is right where the chase ATM was. The arrangement is through this semester, and they'll take the machine away in mid-December. The machine is doing well so there's a good chance they'll want to bring it back for spring. It really is just a pilot to see how they do on campuses.



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- Bookstore – This summer I continued to meet with our small bookstore working group. This is a group that began meeting last semester. A few folks from our Follett partners that run our bookstore as well as me and Husam, who's our downtown campus operations manager, who has a lot of bookstore experience. We have been meeting every few weeks for probably 9 months now to really find ways to get our bookstore better connected with students, faculty and staff. It's something that's been challenging since the pandemic. They have unfortunately lost a lot of their connection with folks in the community, I think bookstores are challenged. The beginning of the summer, for example we worked with our orientation team to make sure the bookstore was more integrated into the tours that they were offering this summer for our incoming students and their families. Just so that, people know that we have a bookstore with apparel as well textbooks. The tours would stop by the bookstore and could ask questions, learn about the store, get some handouts around things like immediate access. That's our digital course, material program, which is great for students in terms of reducing cost and having materials available on the 1st day of classes.
- Vendor update: Today was the 1st day of orientation and we had 14 of our 18 food vendor partners open, which was good to see that we're no longer in the days of covid. It has taken some time to get back to this point.
- Bookstore Committee- Have met with Brian Beatty and Jackson Wilson, our new Academic Senate chair to discuss reactivating our bookstore committee. It is a subcommittee of this board which met more in previous years. The bookstore committee would be helpful to expand discussion around how to better support our partners so they can better support our campus and our students, faculty and staff. Looking at engaging other folks around campus that we don't have yet. There will be a lot of focus around course materials and adoptions for the bookstore committee. This is a requirement to provide the information early for our students.

Anoshua Chaudhuri asked: Is Follett here to stay. They've indicated they're here for a few more years. Is there an update?

Chris responded: We are in the final year of our contract with them. So right now, is a time when I'll be reaching out to talk to some of the Follett executives to make sure they are interested in staying. There is no reason to believe they want to leave. Currently a group of 14 campuses and we meet every month or 2 to talk about how things are going with Follett. Follett is still one of the biggest operators, there aren't a lot of operators out there at this point. It really is Follett and Barnes and Noble. There are cloud type course material solution companies that exist. I will keep the board posted but I don't have any reason to believe that they would want to leave anytime soon.

Rob Strong commented: that we haven't looked into the marketplace or asked students what they are looking for as a solution for what used to be called a campus bookstore. I am teaching a marketing class this semester, it's a senior culmination course. I will have them write a business plan for what would be a good substitution for brick-and-mortar bookstore space in the student center. This will be provided to the board for feedback.



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Chris Farmer responded: We really need student involvement on the bookstore committee. Our student participation is really needed as they bring the student perspective to that committee. Will have a webinar with a cloud-based course material provider this week regarding what they are offering. We collect this information each year, so we have it when we talk about our options if Follett were to suddenly leave. Will also be meeting with Barnes and Noble in person on Thursday.

Jackson Wilson asked: There is an empty retail space at the bottom of Manzanita Sq., could you talk more about that?

Chris Farmer responded: Manzanita square works a little differently, we are in close contact with them, but they do their own sourcing of tenants. Unfortunately, the building with the retail at the bottom was completed just before the pandemic. It was unfortunate timing and there are still a few vacant retail spaces that have never been occupied. So, they are using a new realty company for obtaining tenants. This is a new company that's different than the one they started with a few years ago. Tammie is in close contact with them as well and there are a few interested parties and I think they are possibly close to signing an agreement to occupy some of those spaces, so may have some news on that in future meetings.

Brandon Foley asked: Question about the sort of brick-and-mortar aspect of the bookstore. I have been hearing from administration and faculty is an increasing number of our course material has been going toward \$0 cost material or digital course materials. Of course, the bookstore is a large space on campus, and we want to get a lot of people going there, what sort of relationship do you see with Follett or a different partner in the future.

Chris Farmer responded: Great question the bookstore used to be multi-level so there's a space below the bookstore that was connected to the internal staircase that was changed just in recent years, because Follett didn't need as much space with course materials. That space was turned over to Associated Students which is a bright spot of that change to be able to put programming in there and other great things. The bookstore has become much more focused on general merchandise and computers. It seems clear that the campus community still wants something like that to ask questions about technology or get a quick supply or get the SF State logo gear so there is still a need for that. I think that's something our retail committee could start to dig into that. A space that big could be divided up and offer multiple solutions.

Tammie Ridgell responded: I just wanted to add regarding the earlier question regarding Manzanita Square, the housing component is run by housing as noted in the terms of the lease. Manzanita Square is managed by ACC which is our partner which we entered a partnership to build Manzanita Square. As Chris noted the retail space is managed by ACC, and they would lease space in accordance with the master agreement that we have with them. Rental of retail space is in accordance with the parameters of that agreement. The pandemic had a severe impact on their plans for the retail spaces. There will be a restaurant in the space designated for that purpose. They have been looking for the right partner and may have found a partner. They have made us aware of the intent and we have let them know that we are comfortable with them proceeding and entering a lease with that particular tenant.



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Report from the Executive Director – Tammie Ridgell

- The ESG committee has been meeting throughout the summer generally twice a month, both Anousha and I are part of that committee. The committee is comprised of the students for Gaza, Foundation reps, Foundation investment consultant in an advisory role and the President. Foundation has taken the lead as decisions have not involved UCorp to date and have been around the Foundation's investments and investment policy. Recommendations from the committee:
 - Add screens to the investment portfolio for companies that profit from the manufacturing of weapons and for human rights. Would review and leverage human rights screens as they become available. Screens are used on the portfolio to exclude companies that fit the criteria but not specifically target a company or country. If you're implementing screens on weapons manufacturing, and you want to hold less than 5% of any company that manufacture weapons those fitting the criteria would be screened out of the any direct investments in the portfolio. The Foundation is leaning into value aligned investing which is where you invest in things that align more with your values. They have already been doing some of that work with their portfolio.
 - Creating a transparency website where investment information on the portfolio would be provided in an easy-to-understand format for the public. The website would be managed by the Foundation.
- The ESG committee does not have the authority to change anything that is related to UCorp's investment policy or its procedures. The Board would have the opportunity to weigh in on recommendations, when recommendations are directed to UCORP. At this point, we have not started to look at UCORP's investments.
- Board Orientation - For our 3 new board members there will be a new member orientation. You will receive and email this week, and we can calendar it around availability for the participants the week of September 30th. The orientation will get you more familiar and comfortable with UCORP's revenue, financial statements, the programs that is managed and are housed under UCORP.
- Board - For the committees assigned, for the students there is a student slot currently set aside for the Finance Committee and as Chris noted for the Retail and Service committee there is also a seat for a student on that committee as well. If there is something that you would like to be a part of, let me know. There also has been a student on the audit committee in the past.
- Student Center -We continue to meet with Associated Students regarding the management and financial operation the student center. UCorp manages vendor spaces in the student center. The Associated Students has also taken ownership of what was the University Club, it will now be a space that will be operated by associated students.



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UCORP did receive the undepreciated investment that we made in the space in the amount of \$750,000. Revenue has decreased in the building from the vendors. UCorp receives an admin fee for managing the vendors in the building and want to make sure that UCorp is made whole.

- Staffing – We had 3 positions open of which were 2 accountant positions. We have hired 1 accountant (Jackie Chen) who started last week. We are also hiring for an admin analyst (Office Admin/Board Clerk).
- Sierra Nevada Field Campus – The operated a successful summer and almost double those visiting the campus this summer. Will be meeting with the director and dean to discuss how well they did financially this summer as the goal is for them to produce a profit which can go for ongoing repairs and future repairs. Currently working on the renewal of the new use permit as UCorp is the holder of that permit.

Jackson Wilson asked: I have a question around value alignment investment when it comes to funds like index funds or mutual funds. It seems like UCorp has a lot of money invested in those areas. I don't know how that would work with a fund that includes a diverse set of investments.

What's the process for trying to screen out a fund invested in so many different types of equities.

Tammie Ridgell responded: Regarding value alignment, when investing in funds you would have to choose funds that fit with that value. For example, there are funds created around fossil fuel free companies. If you are invested in that type of fund, even though they are buying lots of companies they are buying companies that align with the screen. If invested in a regular index type of fund, then you are correct as you would not be able to control what it invests in. You could divest from the fund and redeploy your funds elsewhere.

Jackson Wilson asked: I have a follow-up question on that, would there be a lot of activity with the UCorp fund? Briefly looking at the investments currently UCorp has, there might be some very broad funds that we must divest from and shift that to more focused funds. Is that correct?

Tammie Ridgell responded: Well, right now UCorp hasn't agreed or received any type of request to divest from any particular fund. The 1st thing we would do along with working with Beacon Pointe, our investment consultant is we would look at the impact any change would have too UCorp. Any type of change to the portfolio it must be done in a methodical and logical way as not to cause harm to UCorp. Right now, regarding weapons manufacturing or anything of that nature that we don't have a particular concern that we're holding any of those types of assets or that we're holding a significant amount of them.

Kal Salama commented: I wanted to just clarify a great question, Jackson; every part of the portfolio today is a hundred percent invested in accordance with our values. Everything you see in the portfolio that I reviewed, US equity are customized portfolios where we tell them our screens and they build the portfolios to as closely as possible match the indexes while still accommodating our screens. That is an example of direct holdings that are accommodating our values. The funds use is flexible, and we can specify any values we want, they will build a portfolio for us. As pointed out by Tammie there's a fossil fuel free fund that we use. For indirect holdings, we can't specify holdings, but we can choose to us a different one or choose to replicate it with some direct holdings. So, there are lots of different things out there. ESG has



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been around for quite some time. Our investment managers are very fluent in implementing those.

Trevor Getz: No additional questions that was our last item. Let me thank everybody for coming to our meeting today. Look forward to our next meeting. If you have any questions or comments that you want to discuss next time, feel free to email me or Tammie. Have a great evening.

Meeting adjourned at 4:29.